REVENUE MEMORANDUM ORDER NO. 67-99 issued August 23, 1999 prescribes the policies, guidelines and procedures in the audit of tax cases by Revenue District Offices. The Audit Program covers investigation of 1998 internal revenue tax returns by Revenue District Offices, including income tax returns of fiscal-period taxpayers whose taxable years ended any day from June 1, 1998 to July 31, 1999. The audit of tax returns for 1997 and prior years will not be initiated after August 17, 1999, except for cases involving claims for tax credit/refund, Estate/Donors' Tax within the audit threshold, and requests for tax clearance of taxpayers due to retirement of business.

Included for mandatory audit are the following cases: a) Estate/Donor's Tax returns with a gross estate/gift above P 5 Million; b) claims for tax credit/refund of individual taxpayers arising from business income or practice of profession where the amount of claim exceeds P 20,000 and the gross sales/receipts exceed P 5 Million; c) taxpayers retiring from business regardless of amount of gross assets, sales or receipts; d) claims for tax credit/refund of corporate taxpayers, except taxpayers under investigation by the Tax Fraud Division and other investigating division(s)/teams in the National Office, in which case, the audit of the claims will be consolidated with the package audit of the taxpayers' books of accounts; e) claims for tax credit/refund arising from withholding tax on purchases made by the top 5,000 taxpayers pursuant to RR No. 2-98 where the amount of claim exceeds P 100,000, subject to the exception stated in Section II.A.4 of the Order; f) other claims for tax credit/refund including claims for VAT credit/refund exceeding P 100,000 for the period(s) claimed, subject to the same exception under Section II.A.4 of the Order; g) transfer of property in exchange for shares of stocks and other sale, transfer or exchange of stocks not listed in the stock market where the zonal value of the property or the book value of the stocks exceeds P 10 Million; h) taxpayers selected for tax audit based on third party information; and i) taxpayers selected for tax audit based on the results of the tax mapping program.